

Listing REITs on TISE

TISE is home to a third of all UK REITs due to the fact that we are not just a recognised exchange but we have pragmatic listing requirements for this product while also being particularly cost-effective.

Key benefits

- » Recognised exchange
- » 25% free float exemption
- » Cost-effective

Why REITs?

Real Estate Investment Trusts (REITs) are globally recognised tax efficient structures for investment in real estate.

There are more than 35 countries worldwide that have REIT or REIT-like regimes in place. The UK REIT regime was launched on 1 January 2007, although there have been a series of changes in subsequent years.

REITs may be attractive to investors for the following reasons:

- » Easier access to property investment compared to purchasing a property directly
- » Indirect investment into property through a readily tradeable investment asset, as compared to direct investment into property, which is illiquid
- » Diversity of investments across a range of property assets
- » Access to areas of the property sector that private investors cannot usually access
- » Regular and stable income stream
- » Lower transaction costs i.e. up to 0.5% stamp duty on shares compared to up to 5% stamp duty land tax on commercial property
- » Improved after-tax returns for shareholders as profits are generally only taxed at the shareholder level
- » Exemption from corporation tax on rental income and capital gains and a tax rebasing of the properties used for the rental business to market value on entry to the REIT regime

Recognised stock exchange

The UK regime has a number of conditions which a company needs to satisfy in order to become a REIT and retain that status. These include, among others, being tax resident in the UK only, not being an open ended investment company, not being a close company and being listed/traded on a 'recognised stock exchange.'

This latter condition requires that the REIT is admitted to trading on a recognised stock exchange and either: 'listed' on such an exchange; or 'traded' on such an exchange in every accounting period.

TISE is deemed a recognised stock exchange and listing venue by the UK tax authority, Her Majesty's Revenue & Customs (HMRC), under section 1005 of the Income Tax Act [2007].

Why TISE?

TISE is now home to a third of all UK REITs because we not only fulfil the requirements of being a recognised stock exchange and listing venue but we have a pragmatic admissions process which is also cost-effective.

REITs are exempt from the free-float rule requiring 25% of the issued share capital to be held in public hands. This has proved particularly attractive for those REITs where there are a smaller number of institutional investors and especially, where they are likely to hold for the long term and therefore do not require significant levels of liquidity. However, there has been a recent trend towards TISE also proving attractive to more widely held REITs and those who want the option to trade through our bespoke trading system.

Guernsey, Jersey & Isle of Man companies

While UK REITs must be tax resident in the UK, they can be incorporated in other jurisdictions. TISE-listed REITs include not just England & Wales companies but also those established in Luxembourg (particularly attractive for French investors) and the Channel Islands.

Using Guernsey, Jersey or Isle of Man companies to avail of the UK REIT regime has the following advantages compared to a UK equivalent:

- » Company law in Guernsey, Jersey & Isle of Man allows, for example, distributions to be made on a cash flow / solvency basis
- » There is no stamp duty payable on the transfer of shares in a Guernsey, Jersey or Isle of Man company, which is particularly relevant on entry and exit
- » Company law in Guernsey, Jersey & Isle of Man recognises protected and incorporated cell companies which may be useful for ring-fencing REIT assets and liabilities within underlying subsidiaries

Why TISE?

- » Responsive approach
- » Competitive pricing
- » Global standards
- » Wide international recognition
- » Premier location

TISE key credentials

- » Total market value: > £350bn
- » Listed securities: ~ 3,000
- » International marketplace
- » Globally recognisable clients
- » Growing product range

Products

- » Trading companies
- » Debt
- » Investment vehicles
- » SPACs
- » **TISE GREEN**

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